

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

**REPORT OF
INVESTIGATION**



**AGENCY: OHIO DEVELOPMENT SERVICES AGENCY
FILE ID NO.: 2011-CA00222
DATE OF REPORT: SEPTEMBER 24, 2013**

The Office of the Ohio Inspector General ... The State Watchdog

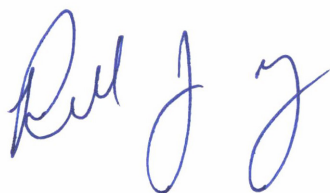
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Randall J. Meyer
Ohio Inspector General



STATE OF OHIO

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REPORT OF INVESTIGATION

FILE ID NUMBER:	2011-CA00222
SUBJECT NAME:	Home Weatherization Assistance Program – Part 2
POSITION:	American Recovery and Reinvestment Act of 2009 (ARRA) Grant
AGENCY:	Ohio Development Services Agency
BASIS FOR INVESTIGATION:	Initiative of the Ohio Inspector General
ALLEGATIONS:	Failure to comply with grant requirements
INITIATED:	December 2, 2011
DATE OF REPORT:	September 24, 2013

INITIAL ALLEGATION AND COMPLAINT SUMMARY

In March 2010, the Office of the Ohio Inspector General initiated an investigation focusing on the monitoring of the Home Weatherization Assistance Program (HWAP) by the Ohio Development Services Agency (ODSA).¹ As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the state of Ohio was awarded a \$266 million grant for HWAP by the U.S. Department of Energy (USDOE). The investigation, case number 2010-108, was released on November 29, 2011, and focused on ODSA. A second investigation was opened on December 2, 2011, focusing on local governments, non-profit agencies, and community action agencies responsible for both determining client eligibility and performing the work under the grant guidelines.

BACKGROUND

The American Recovery and Reinvestment Act of 2009 (ARRA)

The American Recovery and Reinvestment Act of 2009 was passed by Congress on February 17, 2009. The intent of ARRA was:

to create new jobs and save existing ones, spur economic activity and invest in long-term growth, and foster accountability and transparency in government spending. These goals were to be achieved by providing \$288 billion nationally in tax cuts and benefits for working families and businesses; increasing federal funds for entitlement programs, such as extending unemployment benefits, by \$224 billion; making \$275 billion available for federal contracts, grants, and loans; and requiring recipients of ARRA funds to report quarterly on how they were using the money. Among other areas, ARRA funds were targeted at infrastructure development and enhancement.²

From February 17, 2009, through December 31, 2012, the state of Ohio was awarded a total of \$8,765,133,886 in ARRA funds via 1,219 contracts, 8,233 grants, and 49 loans.³ The majority of these ARRA awards went to supplement current programs.

¹ Formerly known as the Ohio Department of Development (ODOD).

² Source: <http://recovery.gov>

³ Source: <http://recovery.gov>

Office of the Ohio Inspector General and ARRA

The position of deputy inspector general for funds received through the American Recovery and Reinvestment Act (ARRA) of 2009 was created in H.B. 2 of the 128th Ohio General Assembly and signed into law by former Governor Ted Strickland. Ohio Revised Code §121.53, effective July 1, 2009, provides the Office of the Ohio Inspector General oversight to monitor state agencies' distribution of ARRA funds from the federal government and to investigate all wrongful acts or omissions committed by officers, employees, or contractors with state agencies that received funds from the federal government under ARRA. In addition, the Office of the Ohio Inspector General is required to conduct random reviews of the processing of contracts associated with projects to be paid for with ARRA money.

U.S. Department of Energy Weatherization Assistance Program

In 1976, Congress created the Weatherization Assistance Program as part of the Energy Conservation and Production Act funded by the U.S. Department of Energy. The purpose of the program was:

... to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential expenditures, and improve their health and safety, especially low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden.⁴

Eligible participants are those whose annual household income is at or below 200 percent of the federal poverty guidelines. Weatherization projects include attic, wall, and basement insulation; insulation of heating distribution systems; air sealing to reduce infiltration of outside air into the building; electric base-load measures which address lighting and appliance efficiency; and health and safety inspections and testing.

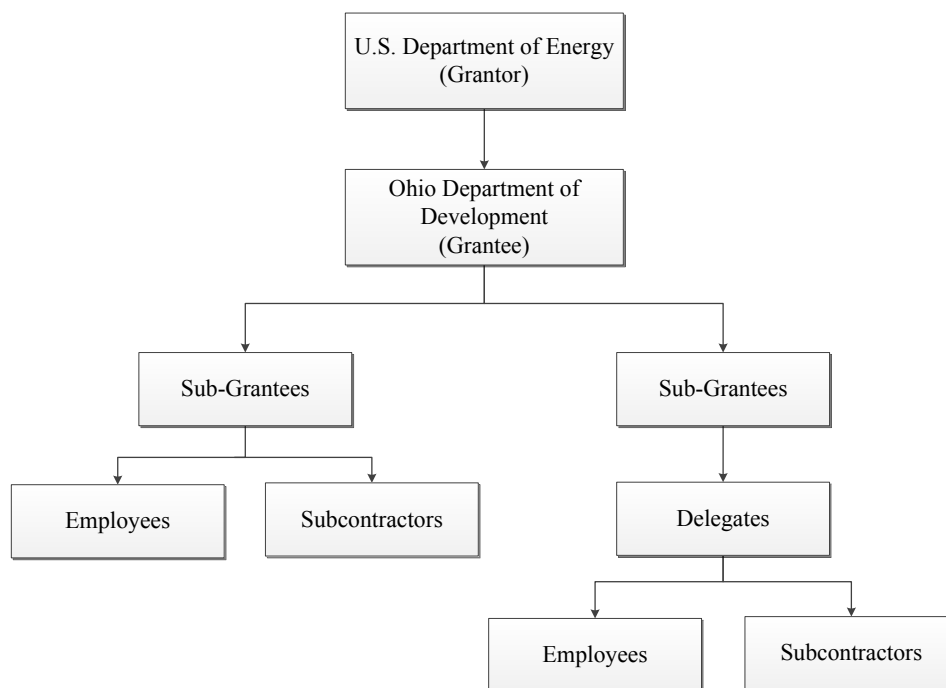
HWAP is overseen on the state level by a designated agency. For Ohio, that designated agency is the Ohio Development Services Agency's Office of Community Assistance (OCA). In the past, OCA contracted with various local governments and non-profits, called sub-grantees,

⁴ See 10 CFR §440.1, "Purpose and Scope."

throughout the state to ensure citizens in all 88 counties received weatherization services. Funding was provided on a formula basis to the sub-grantees who were pre-approved by ODSA. After completion of the first HWAP investigation by the Office of the Ohio Inspector General, ODSA moved to a competitive-based system to award funding to qualified providers.

The following chart outlines the flow of HWAP funding under ARRA:

Flow of Home Weatherization Assistance Program Funding



Sub-grantees are responsible for administrative and programmatic oversight, which includes the labor involved in performing weatherization work. A portion of sub-grantees hire employees or subcontractors to provide weatherization services. Other sub-grantees have agreements with delegates to provide the weatherization services. In these instances, sub-grantees only have administrative oversight and have neither employees nor subcontractors who provide weatherization services. Delegates, like sub-grantees, might be other local governments, non-profit agencies, or community action agencies.⁵ For ARRA, funding was distributed to 34 sub-grantees and 23 delegates.

⁵ Community action agencies are local private and public non-profit organizations that carry out the Community Action Program, founded by the 1964 Economic Opportunity Act to fight poverty. Community action agencies are governed by boards of directors consisting of at least one-third low-income community members, one-third public officials, and up to one-third private sector leaders. This board structure is defined by federal statute and is known as a tripartite board.

Process to Obtain Weatherization Services

Housing unit⁶ occupants seeking weatherization services apply directly to a sub-grantee based on their geographical location. Application forms are also provided by ODSA and can be submitted to the Office of Community Assistance who, in turn, forwards the completed applications to the appropriate sub-grantee. The sub-grantees are responsible for verifying eligibility requirements for each applicant before services are provided. To be eligible to receive services under ARRA, an occupant must have a total income during the preceding 12 months equal to or less than 200 percent of the federal poverty guidelines. The following are the federal income guidelines based on the household size:

Federal Income Guidelines

Household Size	Income
1	\$21,660
2	\$29,140
3	\$36,620
4	\$44,100
5	\$51,580
6	\$59,060
7	\$66,540
8	\$74,020

Income includes salary and wages, Social Security payments, retirement or pension payments, unemployment compensation, veterans' payments, alimony, dividends, interest, gambling or lottery winnings, and other sources as defined by the U.S. Department of Energy. Exclusions from income include capital gains, sale of property, house or car, tax refunds, gifts, loan, lump-sum inheritances, one-time insurance payments, and any temporary assistance received from state or federal sources. ([Exhibit 1](#))

Once an application is approved, an energy audit of the housing unit is conducted by the sub-grantee or delegate to determine the type of services the housing unit is qualified to receive. Typical services include the insulation of attics, sidewalls, heating ducts, floors, and water tanks;

⁶ A housing unit is a single-family home, a mobile home, or an apartment within a multi-family complex.

safety inspection, repair, and if necessary, installation of heating units; reduction of air leakage from major sources; and personalized energy management plans.⁷

Weatherization services are performed by technicians working directly for either the sub-grantee or the delegate, or are subcontracted out. These vendors must be approved by OCA before weatherization work is conducted. After weatherization work is completed, an inspection of each unit is conducted by the sub-grantee or delegate. The housing unit occupant must also sign an acknowledgment form stating he or she approved of the services provided. The inspection and acknowledgment form must be completed before the sub-grantee can seek reimbursement from ODSA. If problems are noted or if work that was supposed to be completed as noted in the energy audit is not complete, the sub-grantee's technicians or subcontractor must come back to the housing unit and fix the issues noted. These are termed "call-backs" and the sub-grantee is permitted to submit the cost of the additional services to ODSA for reimbursement.

Sub-grantees and delegates are required to enter information about the work performed on each housing unit into ODSA's computer system. The information contained in this database includes, but is not limited to, the occupant's name and identifying information; verified income amounts as determined by the sub-grantee; a unique job-number created by the sub-grantee or delegate for each housing unit; if the housing unit is owned or rented by the applicant; the date the work was completed; and cost information related to the work conducted. ([Exhibit 2](#)) From this database, the sub-grantees are responsible for printing a two-page document called the Building Weatherization Report (BWR) for each housing unit.

The BWRs are to be submitted to ODSA with the reimbursement request. The reimbursement request lists the total number of housing units weatherized during the month and ODSA ensures the same number of BWRs have been submitted for that time period. If not, ODSA will contact the sub-grantee and notify the sub-grantee that either too many or not enough BWRs match the total submitted. If a sub-grantee or delegate completed any "call-back" work, a revised BWR is to be submitted for reimbursement. The revised BWR lists only the work performed on the

⁷ Source: <http://development.ohio.gov>

“call-back” and does not contain the client information as the original BWR does except for the job number.

Client files are to be maintained by each sub-grantee or delegate for each single family, mobile home, or individual building for a multi-family project that received weatherization services. At a minimum, the file must contain a completed application, income verification, documentation of the energy audit, documentation for the materials used, and the labor hours and cost to install the materials. Sub-grantees and delegates are also required to keep a separate list of all clients who received weatherization services and a separate list of all housing units that were weatherized.

[\(Exhibit 3\)](#)

For more information regarding ODSA’s responsibilities under the HWAP-ARRA grant, see the Office of the Ohio Inspector General’s report of investigation for case number 2010-108.

INVESTIGATIVE SUMMARY

The Office of the Ohio Inspector General requested and received from the Ohio Development Services Agency an electronic version of all original and revised Building Weatherization Reports (BWR) from July 2009 to November 2011. This electronic version contained all of the information included on a hard copy BWR, plus a column for a system-generated BWR identification number, and a column that included the date and time stamp documenting when the sub-grantee entered the information into the system.

Investigators also met with two local agencies responsible for providing weatherization services; one who primarily subcontracted the work, and another who employed their own technicians. The purpose of these meetings was to gain an understanding of how HWAP worked on a local level; to review information that should be contained in a client file; and to discuss areas where fraud, waste, or abuse might occur. From these discussions, another area of concern was identified regarding the use of leveraged funds.

Eligibility

The Office of the Ohio Inspector General identified two high-risk areas where fraud, waste, or abuse might occur:

- 1) An individual who receives weatherization services but does not meet the income requirements for eligibility in the program, or
- 2) A false address or an address where no structure exists, but is shown on reporting documents to be the address where a housing unit was weatherized.

As ODSA is responsible for inspecting five percent of all housing units weatherized per agency⁸, the risk of the latter occurring is reduced. However, as noted in the first HWAP investigation, #2010-108, conducted by the Office of the Ohio Inspector General, ODSA routinely notified the agencies of the specific housing units they planned on inspecting. In instances where ODSA might identify an address where no housing unit existed, the agency could say the occupant did not want the unit inspected and select another unit to be reviewed in its place.

Given the number of housing units weatherized (more than 30,000), it would neither be possible to verify the income for all individuals listed on the electronic BWR records, nor possible to know the sources of income for each individual based on the information provided by ODSA; therefore, another method was needed to determine income eligibility. Using median income information by zip code compiled through the U.S. Census, the Office of the Ohio Inspector General identified zip codes in the BWR data where the median income was \$75,000 or greater. This limit was selected as it was above the amount a family of eight would need to have, for program eligibility, for an income level of at or below 200 percent of the federal poverty guideline.

From this list, investigators then researched property information from the various county auditor office websites. Information contained on these websites includes the appraised value⁹ of the property, the current owner, and transfer or sale history. The analysis focused on property with an appraised value of \$200,000 or greater that was listed as receiving weatherization services on

⁸ Throughout the remainder of this report, the term “agency” is used in reference to a local government, non-profit agency or community action agency authorized to provide weatherization services by ODSA.

⁹ Appraised value may be the same as the tax value of the property. Each county established what the value of the property is worth and the method to determine this value can vary by county. Appraised value may also be termed market value and again varies by county.

the BWR dataset. This analysis produced 17 properties in the Cleveland and Columbus areas that were selected for further review.

Also using U.S. Census data, an analysis was conducted to determine if properties listed as receiving weatherization services actually existed. To narrow down the list of properties, the 1,147 unique zip codes in the BWR dataset were compared to population and location information. The analysis found six zip codes that did not exist in Ohio; 50 zip codes that had a population of zero; 11 lacking the appropriate number of digits or did not exist for any state; and 23 that did not have any property listings besides a business. For the zip codes that did not exist in Ohio, they were legitimate zip codes for New York, Pennsylvania, Kentucky, Indiana and Wisconsin.

The 23 zip codes that did not correspond with residential property were associated with 26 different addresses. These addresses were compared against the various county auditor websites and through various search engines. The research determined the properties did indeed exist and it appeared the zip code information was entered incorrectly into the system by the agencies.

For the zip codes listed as having zero population associated with them, 91 distinct properties were identified. Of these properties, 71 were confirmed as existing through the various county auditor websites. The remaining 20 were selected for further review.

Finally, the Office of the Ohio Inspector General contacted the Ohio Department of Health to assist in determining if any of the individuals listed as having received weatherization services had passed away before the BWR data indicated they had received the services. The Office of Vital Statistics provided a list of individuals who had passed away between 2007 and 2012. Using the last name and Social Security number from the electronic BWRs, a comparison was made between the two sets of data and the analysis identified 18 possible matches. The possible matches were then compared against the date the weatherization work was completed according to the BWR. This resulted in two possible matches where the date of death was before the date weatherization services were completed. In these two instances, the individuals had been

approved to receive weatherization services but the services had not been provided by the time of their death.

Duplicates

Another area where fraud, waste or abuse may occur is with the agencies submitting duplicate information to ODSA. The agencies could submit the exact same BWR but change the date services were completed, submit information for the same individual but at a different address, or submit information for the same individual and address but for a different amount.

To analyze these scenarios, the Office of the Ohio Inspector General reviewed the BWR data for duplicate last names plus one other identifier such as Social Security number, address, date of birth, phone number, or the agency-assigned job number. This resulted in more than 300 matches that were selected for further review.

The analysis also found instances where the last name of the individual was listed as “Rehab” or “Vacant.” In the Cleveland area, there were 98 instances in which the last name “Rehab” was used, with Social Security numbers of either all zeros or all ones. There were 16 times in which the last name “Vacant” was used throughout the state. ODSA’s HWAP Policy and Procedures Manual, C.4. Renters and Owner/Authorized Agents, addresses vacant units by stating:

- Completely vacant buildings may only be weatherized in conjunction with a federal, state, or local government program for rehabilitating the building or making similar building improvements.
- You must get written assurance that at least 66 percent of the units (50 percent if applicable) will be occupied by income eligible persons within 180 days of the completion of the weatherization work. ([Exhibit 4](#))

An additional 20 instances were noted in the Cleveland area where an individual with the same last name received weatherization services at different house numbers located on three different streets. All used Social Security numbers that included seven or eight nines (e.g., 999-99-9998). The Office of the Ohio Inspector General verified with the Ohio Department of Health that these were not legitimate Social Security numbers.

Data Integrity

As mentioned earlier in this report regarding eligibility, an analysis of the electronic BWR data revealed several instances where the zip code for a housing unit that received weatherization services was incomplete or did not correspond to any location within the United States. There were also six zip codes that corresponded to locations outside Ohio. The analysis also found 14 instances where the zip code was listed as zero and nine instances where the zip code was listed as “Null.”

In addition to the Social Security numbers identified with duplicate last names that did not appear to be legitimate, the analysis of the BWR data identified 61 recipients of weatherization services that lacked the nine-digit Social Security number. These numbers were either incomplete or blank. Another eight instances were noted where the number was made up mostly of ones or nines.

Pursuant to the BWR instructions located in the HWAP Policy and Procedure manual, if an individual refuses to disclose their Social Security number, the agency is to enter in their three-digit provider grant number followed by zeros and an identifier number. For example, if agency 101 had two individuals who refused to provide the information, they would enter the Social Security numbers as 101000001 and 101000002. The manual also notes, in a bolded font, that “duplicate SSN entries will not be accepted by the system.” ([Exhibit 2](#)) However, neither of these policies appeared to have been followed, as duplicate numbers were entered into the system and appeared on the electronic BWR dataset, and agencies entered numbers made up of all nines, ones, or zeros, and not the numbering system required by ODSA.

Leveraged Funds

When meeting with one of two local agencies to gain an understanding of HWAP from the local agency perspective, the Office of the Ohio Inspector General was informed that, in addition to the funds received from ODSA, utility companies also provide funding for weatherization services. This funding is termed by USDOE as leveraged funds. In the state plan submitted to USDOE outlining how ODSA planned to use ARRA funding, ODSA explains that agencies have the:

...ability to leverage new funds from utilities or other non-federal resources to supplement the weatherization program. The leveraging focus will concern resources to sustain Ohio's grantee provider network after the ARRA HWAP grant period and/or to fund ancillary energy efficiency measures not fundable with current funding resources.

From reports provided by ODSA, investigators identified several utility companies that provide weatherization services including American Electric Power (AEP), Columbia Gas, Dayton Power and Light (DPL), Duke Energy, and First Energy. According to each company's website, weatherization is provided by the local agencies to qualified individuals who are customers of the utility company. Some of the services provided by the utility companies were the same services provided under HWAP, including insulation, replacement of heating units, lighting, and other energy measures. Additionally, the utilities also offered programs to replace old refrigerators, freezers, or cook stoves that were not covered by HWAP.

The agencies are not required to provide information on leveraged funds by housing unit weatherized to ODSA; only to provide the total amount of leveraged funds used during a particular period. As such, the risk of an agency seeking reimbursement for the same services from both the utility company and ODSA is increased. To test if this did occur, subpoena requests were sent to each utility company requesting detailed information on weatherization services provided from July 2009 to December 2011.

The information provided by the utility companies included the last name, address, and in some instances, the same job number the agencies used on the HWAP-BWR. Also included were the services provided, the total amount reimbursed by the utility companies, and the amount of other funds used, such as HWAP. The addresses and/or job numbers were matched against the data contained in the BWR dataset to determine which housing units utilized both HWAP and leveraged funding.

The analysis then compared the amount of HWAP funding used according to the electronic BWR to the amount listed by the utility companies. If the amount listed on the BWR was higher than the amount listed by the utility company, the file was selected for further review. In

addition, if the utility company listed zero HWAP funding was used and a BWR was submitted to ODSA, the file was selected for further review.

The results from the analysis of the BWR data regarding eligibility, duplicates, and data integrity were combined with the results of the leveraged funds analysis. As the BWR data only contained summary information, it was necessary to obtain the client files from the agencies to review the backup documentation supporting the reimbursement requests. The Office of the Ohio Inspector General contacted officials at the Ohio Development Services Agency for their assistance in obtaining the files. Fourteen agencies were selected for further review by investigators based on the number of BWRs flagged and the reasoning for their selection. The remaining BWRs were referred to ODSA for their review.

Client Files Referred to Ohio Development Services Agency for Further Review

A total of 508 BWRs were sent to the Ohio Development Services Agency for further review. These BWRs came from 25 different agencies and 23 different delegates. The following are the categories used to classify the results of the analysis:

- Eligibility – housing units located in zip codes with a median income of \$75,000 or greater and an appraised property value over \$200,000; or properties where the zip code or county auditor information indicated there was no housing unit or a business was located at the address.
- Duplicates – the last name and another identifier (i.e., address, Social Security number, phone number, or job number) matched but the system-generated BWR number was different. Some duplicates appeared within the same agency or appeared with different agencies.
- SSN Errors – the Social Security number was either incomplete, or all 10 digits were comprised of a single numeral (e.g., ones, zeros, or nines).
- Rehab/Vacant – the last name was listed as either “Rehab” or “Vacant.”
- Zip Code Errors – the zip code was incomplete, listed as “Null” or zero, did not exist in Ohio, or did not exist in any state.

- Leveraged Funds – the HWAP funding amount listed by the utility company was lower than the amount listed on the BWR.

A table outlining the totals for each agency and delegate can be found in [Exhibit 5](#).

Client Files Requested for Further Review by the Office of the Ohio Inspector General

The Office of the Ohio Inspector General selected 14 agencies and 552 client files for further review. The results were classified into four categories: eligibility, duplicates, leveraged funds, and other.

Eligibility

The review of issues surrounding eligibility involved housing units located in income areas over \$75,000 per U.S. Census data with an appraised value of \$200,000 or more; addresses that did not exist according to county auditor websites; and an individual who passed away prior to weatherization services. The following are the number of files reviewed, by agency, related to the issue of eligibility:

Eligibility for Weatherization: Number of Agency Files Reviewed

Agency	# of Files
Ashtabula County Community Action Agency	5
Cuyahoga Community Department of Development	5
Community Action Organization of Delaware-Madison-Union (DMU)	5
Ground Level Solutions (GLS) [covers parts of Franklin County]	3
Hancock-Hardin-Wyandot-Putnam Community Action Committee (HHWP)	1
Ohio Heartland Community Action Committee [serves Crawford, Marion, Morrow and Richland counties]	1
TOTAL	20

One file each was selected from Ashtabula, DMU, and HHWP due to a lack of information on the various county auditor websites for the address listed on the electronic BWR spreadsheet. Further review found the county auditor either listed an incorrect street name or house number for the units.

The file selected for Ohio Heartland was for an individual who passed away in December 2009, yet weatherization services were conducted at the individual's address in June 2010. Approval for weatherization services had been approved prior to the individual's death but the services were not provided until six months later. A review of the client file found the individual had a surviving spouse. However, there was no indication a re-verification of income was conducted by the agency to determine if the surviving spouse still qualified for the program.

The remaining files were related to housing units with an appraised value of more than \$200,000 at the time the initial analysis was conducted. A review of the client files determined the individuals met the income requirements based on the documentation they each provided. However, questions were raised based on the percentage of income to the property taxes listed on the county auditor website for each property.

The following is a summary of each unit including the appraised value of the housing unit, the age of the housing unit, major services provided and total cost. Also included are additional items of note related to the housing unit. The Office of the Ohio Inspector General did not determine if mortgages existed on each property. However, the last sale date, as listed on the county auditor websites, found all properties were purchased less than 30 years ago.¹⁰

Ashtabula County Community Action Agency

Job #09-100

Appraised value	\$226,300
Age of unit	50 years
% of property taxes to income	8%
Services provided	replaced furnace, insulation
Cost of services	\$5,857.59

¹⁰ Thirty years was selected as it is the most common term for personal property mortgages.

Job #09-433

Appraised value	\$216,300
Age of unit	54 years
% of property taxes to income	10%
Services provided	replaced heating unit and water heater
Cost of services	\$8,655.21

Job #09-530

Appraised value	\$317,500
Age of unit	20 years (listed as 6 on BWR)
% of property taxes to income	16%
Services provided	mostly insulation
Cost of services	\$3,689.03

A fourth unit (Job #09-438) was determined to be owned by a local metro housing authority and the individual who received services was a renter. The renter was determined to be eligible for the weatherization program.

Cuyahoga Community Department of Development

Job #34087578

Appraised value	\$228,900
Age of unit	35 years
% of property taxes to income	40%
Services provided	replaced furnace, insulation
Cost of services	\$5,757.40

Job #74087560

Appraised value	\$183,800
Age of unit	54 years
% of property taxes to income	92%
Services provided	replaced furnace, electrical, insulation
Cost of services	\$8,685.47

Job #34097702

Appraised value	\$269,400
Age of unit	38 years
% of property taxes to income	22%
Services provided	insulation
Cost of services	\$4,594.26

Job #74108037

Appraised value	\$337,600
Age of unit	97 years
% of property taxes to income	reports \$0 income
Services provided	insulation
Cost of services	\$1,496.60

Job #A29118470

Appraised value	\$187,700
Age of unit	55 years
% of property taxes to income	20%
Services provided	replace furnace & water heater, new door, insulation
Cost of services	\$16,947.47

Community Action Organization of Delaware-Madison-Union (DMU)

Job #D08-16

Appraised value	\$235,000 (home has since been foreclosed)
Age of unit	10 years
% of property taxes to income	reports \$0 income
Services provided	insulation
Cost of services	\$1,695.68

Job #AD10-112

Appraised value	\$207,100
Age of unit	11 years
% of property taxes to income	342%
Services provided	insulation
Cost of services	\$1,023.72

Job #AD10-121

Appraised value	\$276,500
Age of unit	14 years
% of property taxes to income	33%
Services provided	repair ducts and insulation
Cost of services	\$2,196.91

Job #D09-49

Appraised value	\$369,000
Age of unit	29 years
% of property taxes to income	11%
Services provided	insulation
Cost of services	\$5,291.62

Ground Level Solutions

Job #A210

Appraised value	\$265,800
Age of unit	23 years
% of property taxes to income	114%
Services provided	replaced water heater, heating system improvements, insulation
Cost of services	\$2,567.94

On this housing unit (Job #A210), the services were provided over a four-month period from July 2010 to October 2010. In January 2011, the unit was sold for \$256,900. There are no exclusions from USDOE or ODSA preventing an individual from selling their property after receiving weatherization services.

Job #A274

Appraised value	\$212,700
Age of unit	16 years
% of property taxes to income	17%
Services provided	insulation, tune-up and/or repairs
Cost of services	\$1,343.77

Job #A348

Appraised value	\$324,500
Age of unit	8 years
% of property taxes to income	29%
Services provided	replaced furnace and water heater, insulation
Cost of services	\$5,831.35

On the application form (Job #A348), the individual who applied for the weatherization services stated he/she was self-employed in the home improvement business. Additional research determined that the builder and the company that built the home used only energy efficient appliances and materials in their homes during the time of construction.

Duplicates

The review of files showing duplicate information involved several areas of concern, including individuals with the same last name and one similar identifier (i.e., Social Security number, birthdate, or phone number); individuals with the same identifiers but a different address; and multiple lines in the electronic BWR spreadsheet with matching identifiers, including agency-assigned job number, but different system-generated BWR numbers. The following are the number of files reviewed, by agency, related to the issue of duplicates:

Duplicate BWRs: Number of Agency Files Reviewed

Agency	# of Files
Ashtabula County Community Action Agency	8
Clinton County Community Action Program	7
Community Action Committee of Fayette County	9
Community Action Organization of Delaware-Madison-Union (DMU)	4
Community Action Partnership of Greater Dayton	31
Ground Level Solutions (GLS)	5
Hancock-Hardin-Wyandot-Putnam Community Action Committee (HHWP)	9
Lancaster-Fairfield Community Action Agency	13
Mid-Ohio Regional Planning Commission (MORPC)	9
Neighborhood Housing Services of Toledo	21
Ohio Heartland Community Action Committee	15
WSOS Community Action Committee (WSOS) [serves Wood, Sandusky, Ottawa and Seneca counties]	6
TOTAL	137

After the review of the client files related to duplicates, no issues were noted for the following agencies: Ashtabula, DMU, Lancaster-Fairfield, MORPC, Ohio Heartland, and WSOS.

In two instances, the Office of the Ohio Inspector General found the same individual received weatherization services at two different addresses. In Clinton County it was noted the individual had married and moved to a different address (Job # 5509 and 6011). In the second instance located in the HHWP files, the individual was renting space from the same landlord at two different locations (Job #10567 and 11001). There are no limits on how many times an individual may receive weatherization services and a housing unit qualifies if it had received services prior to September 30, 1993. As a result, the landlord was able to have two separate units weatherized because the lessee continued to meet the income eligibility requirements.

The Office of the Ohio Inspector General found two instances for the Community Action Committee of Fayette County where duplicate lines of information appeared on the electronic BWR spreadsheet for the same job numbers, but the information was entered at two different times. Job #550 had information entered at two different times, 27 minutes apart, and Job #611 had information entered a day apart. Both contained the same cost information and supporting

documentation agreed to the charges on the hard copy BWR located in the client file. By submitting the electronic BWR twice there is a risk the agency was paid twice for both jobs. The total amount for services provided equaled \$6,026.73.

A review of the client files for Ground Level Solutions (GLS) found a similar situation where duplicate lines of data appear on the electronic BWR spreadsheet with the lines created a day apart. However, the second line of data for Job #A055 shows a different month when the weatherization services were provided. Again, by submitting the electronic BWR twice there is a risk the agency was paid twice. The total amount for the services provided equaled \$2,308.10.

Also found in the client files for GLS was an individual who received services at two different addresses a year apart, but in this instance the individual was listed as the owner and not a renter. A review of the county auditor website was conducted to determine if the individual sold the first housing unit prior to receiving services on the second. The county auditor showed the individual continued to own the units and, in fact, owned a third housing unit that did not receive weatherization services. The client files showed the individual reported having zero income – and yet the county auditor records listed the person as owning three houses at the same time. The total amount of services provided by GLS equaled \$7,671.51.

Similar circumstances were also noted for the Neighborhood Housing Services of Toledo. A review of the client files for Job # 29484-10 and 28209-09 found the individual owned both housing units at the same time. There was no indication on the applicable county auditor website that one unit had been sold prior to the second unit receiving weatherization services. The total amount of the services provided equaled \$9,901.24.

Finally, a review of the client files for the Community Action Partnership of Greater Dayton (CAP Dayton) found 27 instances of duplicate lines of data in the electronic BWR spreadsheet for the same job numbers. A comparison of the electronic records compared to the hard copy BWRs located in the client files found:

- Three instances where both lines of data matched the hard copy BWR;

- Six instances where one line of data matched the hard copy BWR except for the month the services were provided;
- Fifteen instances where one line of data did not match the hard copy BWR or the supporting documentation; and
- Three instances where one line of data did not match the hard copy BWR but did match the supporting documentation.

There is a risk the agency may have been paid twice by submitting two electronic BWRs. The Office of the Ohio Inspector General did not determine if overpayments occurred and will refer these to ODSA for further review. The total amount listed on the duplicate lines of data for CAP Dayton equaled \$63,122.64. ([Exhibit 6](#))

Leveraged Funds

The review of leveraged funds was to determine if agencies billed the utility companies and ODSA for the same services. To verify if this was occurring, the goal was to review the client files and compare the invoices and supporting documentation for services billed to each funding source. However, in most cases this was difficult to accomplish as the agencies did not include documentation in the client files related to the use of leveraged funding. This information was not required to be included in the files as specified by the policy provided by ODSA. ([Exhibit 2](#))

The following are the number of files reviewed, by agency, related to the issue of leveraged funds:

Leveraged Funds: Number of Agency Files Reviewed

Agency	# of Files
Ashtabula County Community Action Agency	5
Clinton County Community Action Program	16
Community Action Committee of Fayette County	6
Community Action Organization of Delaware-Madison-Union (DMU)	29
Community Action Partnership of Greater Dayton	165
Mid-Ohio Regional Planning Commission (MORPC)	22
Neighborhood Housing Services of Toledo	63
Ohio Heartland Community Action Committee	15
Tri-County Community Action Committee [serves Champaign, Logan, and Shelby counties]	57
WSOS Community Action Committee (WSOS)	17
TOTAL	395

The review of the client files to determine the cause of the variances between what was reported to the utility companies for HWAP funding and what was listed by ODSA found the following:

- Ashtabula County – leveraged fund forms¹¹ were either not included in the file or they were signed by the individual receiving services but the actual services provided was not listed; could not determine the cause of the variances.
- CAP Dayton – reported \$0 for HWAP to the utility company; leveraged fund forms were not included in the file.
- Clinton County – Three instances where \$0 was reported to the utility company for HWAP services; able to determine the cause of the variance for eight files; could not determine the cause of the variance for a separate set of eight files.
- Fayette County – leveraged fund forms were not included in the file; could not determine the cause of the variances.
- DMU – reported \$0 for HWAP funding to one utility company; variances were either the cost of crew work or invoices supporting contractor work for a second utility company.
- Toledo – leveraged fund forms were included in the client files; did not report HWAP funding to one utility company; could not determine the cause of the variances for the second utility company.

¹¹ The leveraged fund forms are the invoices submitted by the agencies to the utility companies. The utilities provided copies as part of the subpoena request. Part of the review by the Office of the Ohio Inspector General was to determine if these forms were also located in the client files as well as the supporting documentation.

- Ohio Heartland – leveraged fund forms were included in the client files for one utility company but the forms were not signed by the customer.
- Tri-County – leveraged fund forms were not included in the client files; able to determine the variance for five files was related to crew cost; could not determine the variance on the remaining files.

For these eight agencies it was determined no duplicate charges occurred.

In regard to MORPC, the Office of the Ohio Inspector General found one instance (Job #14054) where services were billed to both the utility company and ODSA. The total equaled \$126.69.

Finally, WSOS variances were noted between the totals listed on the hard copy BWR and the totals on the electronic BWR spreadsheet. The variances were equal to the amount reimbursed by the utility company for services provided. The total for the 17 WSOS files reviewed equaled \$6,043.11 in possible duplicate charges. ([Exhibit 7](#))

Other Issues

A review of the client files found other issues of note, including the age of the housing units receiving weatherization services; hard copy BWRs not matching the electronic version; high call back rates; supporting documentation not agreeing to the totals claimed for reimbursement; and issues with timesheets.

Age of Housing Units

As noted in the eligibility section, several of the housing units listed were less than 15 years old¹² – in one case the unit was only eight years old at the time services were provided. Other instances where the relative new age of the housing units receiving weatherization services include:

¹² Based on the range of the age of housing units reviewed.

Age of Housing Units Weatherized: Number of Agency Files Reviewed

Agency	Job #	Age of Unit
Community Action Partnership of Greater Dayton	10-304M	7
Lancaster-Fairfield Community Action Agency	13216	6
Mid-Ohio Regional Planning Commission	14554	11
Mid-Ohio Regional Planning Commission	13621	11
Mid-Ohio Regional Planning Commission	14380	10
Tri-County Community Action Committee	O09096004	12

BWRs

For each file reviewed, a comparison was made between the hard copy BWR located in the client file against the electronic spreadsheet containing all of the BWR information provided by ODSA. The hard copy BWRs are the copies signed by the individual verifying they received weatherization services and should match both the electronic version and the hard copy provided to ODSA. However, the review found one instance for MORPC totaling \$935.19 and 13 instances for CAP Dayton totaling \$1,135.53 where the hard copies did not match the electronic spreadsheet. The amounts on the electronic spreadsheet were higher. This represents a total of \$2,070.72 that ODSA may have over-reimbursed to these two agencies. ([Exhibit 8](#))

One instance in Clinton County was noted where the signed handwritten BWR did not match the printed BWR submitted to ODSA. The variance between the two forms for Job #1005 was \$616.29.

High Call-Back Rates

As noted in the first HWAP investigation, some agencies had a significant number of call-backs. Call-backs occur when either ODSA or local agency inspectors note a problem with the weatherization completed at a home and determine the work performed needs to be corrected. A review of the files for Ohio Heartland found a significant number of call-backs requested by the local agency inspector. Of the 31 files reviewed, 11 jobs, or 35 percent, required a call-back.

Supporting Documentation

In addition to the comparison between the hard copy and electronic BWRs, a comparison was made between the supporting documentation located in the client file to the totals reported to

ODSA. According to ODSA's policy regarding client files and required forms, documentation of the actual cost and amount of weatherization materials installed is to be included in the file. The documentation "shall consist of a copy of the invoice(s), purchase order(s) or bill(s) of service for any work contracted to a third party and for material(s) purchased specifically for the unit." ([Exhibit 3](#))

A review of the client files for MORPC and CAP Dayton found several instances where the supporting documentation was not included in the client files. In some cases, where supporting documentation was available, the amount on the invoices did not match the amount reported to ODSA. The review found a total of 37 client files, seven files for MORPC and 30 files for CAP Dayton either contained no or differing support documentation. The monetary amount of the weatherization services reported in the 37 MORPC and CAP Dayton files totaled \$49,916.16. ([Exhibit 9](#))

Timesheets

According to ODSA's policies and procedures, client files are required to report the actual labor hours and associated costs of the client's home weatherization. ([Exhibit 3](#)) ODSA does not provide a form for the agencies to use to report labor hours and costs; however, most client files contained timesheets with the employees' names, start and end times, work performed, and in some cases, the hourly rate. However, for two agencies, the Office of the Ohio Inspector General found the timesheets to be inadequate to support the charges claimed by the agency. These timesheets did not include daily start and end times, specify what was performed for each day worked, or a means with which to verify the hours worked were accurate.

For Tri-County Community Action Committee, no timesheets were located in the files. However, the work orders contained an estimate of the hours to be worked for particular jobs. In most instances, these estimates matched the actual hours as reported on the BWR.

CAP Dayton's client files contained a "Labor Composite Sheet," but in all cases the sheets were not signed by the employees and appeared to have been prepared by one individual. In addition, when re-adding the totals listed on the sheets, the review found 18 instances where the hours

were significantly lower than what was reported on the BWR. Because the forms were either completed using the employees initials or first name and the job cost report that contained the hourly rate used the employee's last name, the Office of the Ohio Inspector General was unable to determine the amount possibly overbilled by CAP Dayton to ODSA. ([Exhibit 10](#))

CONCLUSION

During the first investigation of the American Recovery and Reinvestment Act of 2009 grant for the Home Weatherization Assistance Program, the review focused on the monitoring of the program by the Ohio Development Services Agency. A second investigation was opened shortly after the release of the first report focusing on the local non-profits, government agencies, and community action agencies' administration of the program. Information was requested from ODSA and analyzed by the Office of the Ohio Inspector General to determine if the housing units met grant requirements and guidelines.

The analysis found data integrity issues in the electronic spreadsheet provided by ODSA listing all housing units that received weatherization services from June 2009 to November 2011, including zip codes that were either incomplete or inaccurate; individuals listed as "Rehab" or "Vacant"; and Social Security numbers comprised of all nines, ones, or zeros, were incomplete, or not listed. Pursuant to ODSA's HWAP Policy and Procedure manual, if an individual refuses to disclose their Social Security number, the agency is to enter their respective three-digit provider grant number followed by zeros and an identifier number. The manual also notes, in a bolded font, that "duplicate SSN entries will not be accepted by the system." ([Exhibit 2](#)) However, neither of these policies appeared to have been followed as duplicate numbers were entered into the system and appears on the electronic BWR dataset, and agencies entered numbers comprised of all nines, ones, or zeros and not the numbering system required by ODSA.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in this instance.

To determine if the remaining housing units identified in the analysis met grant guidelines, the client files were requested from 14 local agencies. This more detailed analysis focused on

eligibility, duplicates, and leveraged funding. The review also identified additional issues regarding the age of the housing units, information in the file not matching the information provided to ODSA, and lack of supporting documentation.

Issues regarding eligibility focused on housing units that did not exist according to the various county auditor websites, an individual who passed away prior to weatherization services being received, and housing units in high income areas with an appraised value of \$200,000 or more. The review of the client files determined the county auditor websites had listed the applicable housing units with the wrong street name or house number. In regard to the individual who passed away, it did not appear the agency had conducted a re-verification of the income for the surviving spouse.

Further review of the files related to the housing units with an appraised value of \$200,000 or above found the individuals met the income eligibility requirements according to the documentation located in the files. However, an analysis of the reported income compared to the property taxes listed on the county auditor websites found a significant portion of their income would be used to pay the taxes. Additional research to determine if the individuals did meet the income eligibility requirements was not conducted by the Office of the Ohio Inspector General.

Duplicate lines of data where the job number and personal identifiers matched were found in the electronic spreadsheet provided by ODSA. Additionally, the review found some client files where both lines of data matched and, in other files, one line of data did not match the information in the file. The Office of the Ohio Inspector General did not determine if the local agencies sought and received reimbursement for both lines of data.

In instances where duplicate personal identifiers were noted with different job numbers, a review of the client files found the individuals had moved to a different address. In these cases, because the individuals continued to meet the income eligibility requirements, they were eligible to receive weatherization services at their new locations. Neither ODSA's nor the U.S. Department of Energy's policies prevents this situation from occurring.

In another instance, an individual was listed as having received weatherization services at two separate locations a year apart. A review of the county auditor website was conducted to determine if the individual had sold one housing unit and purchased another during this time period. The review found the individual had not sold the first housing unit and the client files noted that the individual was the owner on both units. The review also further revealed that the individual, who listed zero income received, appeared to have owned three housing units at that time.

To supplement funding for HWAP, local agencies are encouraged to utilize leveraged funding provided by various utility companies. This funding allows for similar services to be reimbursed by the utility companies but also allows for services not allowable under the ODSA weatherization program. A review was conducted to determine if any agencies may have billed for similar services twice.

At some time during the ARRA funding period, ODSA provided a checklist titled the “Ohio Department of Development/Department of Energy Quality Assurance Form” that listed all documents required to be included in the client files. At the top of the form was a section for agencies to list other sources of funding. Generally, the review found this section was not completed or the amounts listed were incorrect. Agencies did not have to list leveraged funding by job number to ODSA, they only had to list the total amount utilized.

In addition, the Office of the Ohio Inspector General found numerous instances where the agencies listed \$0 for HWAP funding to the utility companies but a review of the electronic BWR spreadsheet found funding was provided by ODSA for the identified housing units. In other instances, the amount reported to the utility companies was significantly lower than the amount of services actually provided.

Reviews of the client files found duplicate charges appear to have occurred at two agencies. For one client file, variances were noted between the hard copy BWR located in the client file and the electronic information provided by ODSA. The variance was the same amount as what had been reported to have been reimbursed by the utility companies.

Finally, other issues were revealed during analysis of the client files that were not identified during the initial analysis conducted by the Office of the Ohio Inspector General. Information on the housing units noted cases where the age of the unit was 15 years or less. For some of these housing units, the heating units and/or water heaters were replaced and reimbursed by ODSA.

Information in some of the client files did not match with the information provided by ODSA. In several cases the hard copy BWR did not match with the electronic version. The Office of the Ohio Inspector General was unable to determine which version was submitted by the agency for reimbursement.

Supporting documentation for two agencies also did not support the charges as listed on the BWR in the client file. In some files, no invoices were located and in others different amounts were listed on the invoice than what was listed on the BWR. ODSA's policies and procedures require documents such as invoices, purchase orders, and bills of sale supporting the charges to be included in each client's file.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in this instance.

A review of timesheets in the files also found instances where the hours listed did not equal with the hours noted on the BWR. Since hourly rates were not included, the Office of the Ohio Inspector General was unable to determine if ODSA may have been over charged for these hours.

Also, several timesheets did not specify the activities the employees engaged in while conducting weatherization work. Information provided by the various utility companies' subpoenaed state that the reimbursement rate to be used includes labor. As timesheets were not provided in some instances related to the leveraged fund charges, the Office of the Ohio Inspector General was unable to determine if the agencies billed twice for the same labor hours.

The following chart lists the questioned costs identified in this report by agency:

Questioned Costs by Agency

Agency	Category	Amount
Ashtabula County CAA	Eligibility	\$18,201.83
Clinton County CAP	BWRs in file did not match	\$616.29
CAP Dayton	Duplicates	\$63,122.64
	BWRs did not match spreadsheet	\$1,135.53
	Supporting documentation	\$44,372.55
Cuyahoga Community Dept. of Development	Eligibility	\$37,481.20
Community Action Org. of DMU	Eligibility	\$10,207.93
CAC of Fayette County	Duplicates	\$6,026.73
Ground Level Solutions	Eligibility	\$9,743.06
	Duplicates	\$9,979.61
MORPC	Duplicates	\$126.69
	BWRs did not match spreadsheet	\$935.19
	Supporting documentation	\$5,543.61
Neighborhood Housing Serv. of Toledo	Duplicates	\$9,901.24
WSOS	Duplicates	\$6,043.11
TOTAL		\$223,437.21

RECOMMENDATION(S)

The Office of the Ohio Inspector General makes the following recommendations and asks the Ohio Development Services Agency to respond within 60 days with a plan as to how the recommendations will be implemented:

- 1) The assigned BWR number in the computer system should be printed on the hard copy BWR submitted by the sub-grantees with their reimbursement request.
- 2) Consider placing restrictions on the number of times an individual may apply for weatherization services when renting from the same landlord but at different addresses.
- 3) Consider creating eligibility requirements for the housing unit itself such as limits on the age of the unit.
- 4) Add information regarding leveraged funds on the BWR so the total cost of the services provided by housing unit is tracked by ODSA.

- 5) Review the files where the individual is listed as “Vacant” to determine if the housing units were occupied within the required timeframe.
- 6) Review the housing units with questionable eligibility to determine if the weatherization services provided met grant requirements.
- 7) Review the following to determine:
 - a. Duplicate lines of data in the electronic BWR spreadsheet were not reimbursed twice by ODSA;
 - b. Duplicate charges identified during the review of leveraged funds were not reimbursed by ODSA;
 - c. In instances where hard copy BWRs did not match the electronic BWR spreadsheet, the correct amount was reimbursed by ODSA;
 - d. In instances where supporting documentation did not agree to the amounts on the BWR, the correct amount was reimbursed by ODSA; and
 - e. ODSA was not over billed for hours where the timesheet did not agree to the amount reported on the BWR.

REFERRALS

The Office of the Ohio Inspector General will refer this report to the following:

- 1) The U.S. Department of Energy as the grantor agency of the HWAP-ARRA grant; and
- 2) The Ohio Auditor of State as the agency responsible for auditing the local government agencies named in this report.

([Click here for Exhibits 1 – 10 combined](#))



STATE OF OHIO

OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Ohio Development Services Agency

FILE ID #: 2011-CA00222

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

**Jill Jones
KEEPER OF RECORDS**

**CERTIFIED
September 24, 2013**

MAILING ADDRESS

OFFICE OF THE INSPECTOR GENERAL
JAMES A. RHODES STATE OFFICE TOWER
30 EAST BROAD STREET – SUITE 2940
COLUMBUS, OH 43215-3414

TELEPHONE

(614) 644-9110

IN STATE TOLL- FREE

(800) 686-1525

FAX

(614) 644-9504

E-MAIL

OIG_WATCHDOG@OIG.STATE.OH.US

INTERNET

WATCHDOG.OHIO.GOV